



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN BILLINGS, MONTANA RADIO ACQUISITION

Marathon Media To Divest Three Stations, Agrees Not To Exercise Options To Buy Other Stations

WASHINGTON, D.C. -- Marathon Media L.P. today agreed to sell three radio stations to New Northwest Broadcasters II Inc. after the Department of Justice's Antitrust Division expressed concern that Marathon's proposed acquisition of five radio stations from Citadel Communications Corporation would likely have increased concentration and lessened competition for radio advertising in the Billings, Montana market.

According to the proposal, Marathon will acquire five radio stations--KMHK-FM, KKBR-FM, KCTR-FM, KBBB-FM, and KBUL-AM--from Citadel in the Billings radio market. Marathon currently owns and operates three radio stations in the market--KIDX-FM, KRSQ-FM, and KGHL-AM--and has a time brokerage agreement (TBA) with another station in the market, KBEX-FM. Under a time brokerage agreement, a radio station will sell blocks of time to a broker, who then supplies the programming to fill that time and sells commercial advertising to support that broker. The deal as originally proposed would have given Marathon control of nearly 65 percent of advertising revenue, and would have allowed Marathon to operate 9 of the 16 stations in the Billings radio market.

(More)

“The sale of these three stations and Marathon’s agreement not to exercise its options will ensure that businesses who buy advertising in the Billings market will continue to have the benefits of competition, including lower prices and better services,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division. “These proposed divestitures and Marathon’s agreement not to buy other stations resolve the Department’s antitrust concerns.”

Under the terms of the divestiture agreement, Marathon will sell its three Billings radio stations, KIDX-FM, KRSQ-FM, and KGHL-AM, to New Northwest, a new entrant to the Billings radio market. In addition, Marathon will terminate its TBA for KBEX-FM and will abandon its contractual option to purchase the station. Marathon also has agreed not to exercise an option to purchase a construction permit for a radio station authorized to operate on the 107.5 FM radio frequency.

Once the merger has been completed, Marathon will own KMHK-FM, KKBR-FM, KCTR-FM, KBBB-FM, and KBUL-AM; and New Northwest will own the current Marathon stations, KIDX-FM, KRSQ-FM, and KGHL-AM. In a separate deal, New Northwest will acquire KBEX-FM and the 107.5 FM construction permit pursuant to an agreement with Mt. Rushmore Broadcasting Inc.

Billings is ranked by BIA as the 243rd largest radio advertising market, with 1998 revenues of approximately \$ 6.6 million. The area has 10 FM and 6 AM radio stations.

Marathon’s parent company, Marathon Media LLC of Chicago, owns 81 radio stations in 35 markets. The company’s 1998 revenues in the Billings market were approximately \$4.4 million and its overall revenues for 1997 were approximately \$14.9 million.

Citadel, headquartered in Las Vegas, owns 124 radio stations in 23 markets. The company's 1998 revenues in the Billings market were approximately \$1.2 million and its overall revenues were approximately \$135.4 million.

New Northwest, based in Bellevue, Washington, is a new entrant to the Billings radio market. Following consummation of this transaction, New Northwest will own or operate 14 radio stations in two markets.

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